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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 18, 2001

APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUE010660

To close Rate Schedules
TS-1 and TS-2 to new customers
and for conditional approval
to waive certain penalties
and charges

PRELIMINARY ORDER

On November 21, 2001, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company") filed an application (the "Application") requesting approval to close its existing Rate Schedules TS-1 and TS-2 to new customers and also requesting conditional approval to waive specified penalties and charges imposed on certain customers served under Schedules TS-1 and TS-2 during the winter of 2000-2001. In its application, Columbia proposes to (i) close existing Schedules TS-1 and TS-2 to new customers; (ii) implement new Rate Schedules TS-3 and TS-4 and a new Rate Schedule AS-Aggregation Service, which the Company stated were filed with the Commission's Division of Energy Regulation for administrative approval concurrent with the Application; and (iii) waive certain penalties and charges imposed on customers that failed to comply with the terms and

conditions of Rate Schedules TS-1 and TS-2 last winter if such customers migrate from current Schedules TS-1 and TS-2 to its proposed new Rate Schedules, TS-3 and TS-4.

As stated in the Application and described above, Columbia concurrently requested administrative approval of new proposed Rate Schedules TS-3 and TS-4 from the Commission's Division of Energy Regulation on November 21, 2001. On December 6, 2001, the Division of Energy Regulation issued a letter ("Staff Letter") to Columbia's counsel stating its refusal to accept the application for the proposed new Rate Schedules TS-3 and TS-4 administratively. The Staff Letter stated, among other things, that Staff was aware that the administrative submittal was intended to resolve, in part, the ongoing penalty and tariff revision disagreements between the Company and its transportation customers. The Staff Letter further stated that provisions of the proposed Rate Schedules could constitute an increase in rates, that the Staff had received numerous customer objections to the Company's proposals, and that Staff believed these customers should have an opportunity to comment on the proposal and participate in the matter. Finally, Staff advised Columbia that it should file these new Rate Schedule proposals as part of an appropriate application with the Clerk of the Commission.

NOW, upon consideration of the foregoing, the Commission finds that this matter should be docketed, the proposed request to close Rate Schedules TS-1 and TS-2 should be suspended for a period of one hundred fifty days, pursuant to § 56-238 of the Code of Virginia; and that the Company should file an appropriate application relative to its proposed Rate Schedules TS-3 and TS-4 with the Clerk of the Commission under this captioned docket.

The Application requests approval to close the Company's TS-1 and TS-2 Schedules to new customers. This request involves new customers of Columbia who would ordinarily receive service under TS-1 and TS-2 receiving service under other applicable rate schedules, expectedly, the Company's proposed TS-3 and TS-4 Rate Schedules. The Application further requests the Company's waiver of certain penalties and charges imposed on customers that failed to comply with the terms and conditions of Schedules TS-1 and TS-2 last winter, in return for such customers' migration from current Schedules TS-1 and TS-2 to the Company's proposed new Rate Schedules, TS-3 and TS-4. The Application requests a waiver that is dependent upon customers migrating to the proposed new Rate Schedules, TS-3 and TS-4. The Application requests Commission consideration and approval of certain matters that necessarily involve the review and analysis of its

proposed Rate Schedules TS-3 and TS-4, which were not filed with the Application.

Accordingly, IT IS ORDERED THAT:

(1) The captioned matter is docketed and assigned Case No. PUE010660.

(2) The proposed request to close Columbia Gas of Virginia, Inc.'s Rate Schedules TS-1 and TS-2 is suspended for a period of one hundred fifty (150) days from the date the Application was filed to and through April 22, 2002.

(3) On or before January 4, 2002, the Company shall file an appropriate application concerning its proposed Rate Schedules TS-3 and TS-4 in this captioned docket, Case No. PUE010660, with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

(4) This matter is continued generally.